

(g) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) Reserve Bank of India has not issued any licence for the setting up of private sector or State Government Sponsored Bank in Rajasthan.

(b) Does not arise.

(c) Reserve Bank of India has not received any proposal from any State Government for setting up a private sector bank.

(d) Does not arise.

(e) Details of Rural/Urban branches in Rajasthan as on 30.6.1996

of	Rural	Urban/ Metropolitan
1. Nationalised Banks	547	328/93
2. Other Scheduled Commercial banks other than RBI & their associates and foreign banks)	107	65/28
3. RRBs	917	19

(f) and (g). Authorisations issued to Commercial Banks for opening rural branches in the state of Rajasthan and which are pending/unutilised by the banks as on date

S. No.	Centre	District	Name of the Bank
1.	Bhiwli Industrial Area	Alwar	Oriental Bank of Commerce
2.	Tibi	Sriganganagar	Oriental Bank of Commerce
3.	Mirajwali Gaon	Sriganganagar	Oriental Bank of Commerce
4.	Itawa	Kota	State Bank of Bikaner & Jaipur
5.	Gota	Nagaur	State Bank of Bikaner & Jaipur
6.	Neemrana	Alwar	State Bank of Bikaner & Jaipur
7.	Tapookda	Alwar	State Bank of Bikaner & Jaipur.

[English]

Fraudulent Deals of Banks

2270. SHRI PRAMOD MAHAJAN : Will the Minister of FINANCE be pleased to state :

(a) whether attention of the Government has been drawn to the news item published in the *Times of India*,

New Delhi dated October 29, 1996 under the caption "Rs. 129 crore siphoned off 'legally' through banks";

(b) if so, the facts and details of various fraudulent deals of banks and others referred to in the above report; and

(c) the action the Government have taken against the persons involved in the racket?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) Yes, Sir.

(b) and (c). Ahmedabad office of the Enforcement Directorate has taken up investigations in a case involving suspected siphoning off of foreign exchange worth Rs. 129 crores to Hongkong through the Bank of Baroda, Surat against forged documents.

Complaint against Chairman of Bharat Overseas Bank Ltd.

2271. SHRI UTTAM SINGH PAWAR :
SHRI AMAR ROY PRADHAN :

Will the Minister of FINANCE be pleased to state :

(a) whether the Government have received any memorandum containing serious allegations against the Chairman, Bharat Overseas Bank Ltd. Madras; and

(b) if so, the details thereof and the action taken thereon?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) Yes, Sir.

(b) The complaints received by the Government/ RBI certain irregularities are alleged to have been committed by the Chairman of the Bharat Overseas Bank Ltd. The Reserve Bank of India have looked into the matter and feel that there was not much substance in the complaints made.

Rise in Bank Frauds

2272. SHRI I.D. SWAMI : Will the Minister of FINANCE be pleased to state :

(a) whether the attention of the Government has been drawn to the newsitem captioned "when the Centre does not hold..." appearing in the *Indian Express* dated 19th October, 1996;

(b) if so, the facts reported therein; and

(c) the reasons as to why Department of Supervision of Reserve Bank of India could not curb the rising menace of frauds?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) Yes, Sir.

(b) and (c). The article tries to depict that although irregularities are taking place in banks and are being brought out in Inspection Reports, the RBI is not taking

any action and despite setting up of separate Department of Supervision and establishment of Board for Financial Supervision, the RBI is not able to bring down irregularities in banks.

RBI has reported that whenever irregularities or frauds are noticed either through inspection or otherwise, due action is taken by the Reserve Bank of India like calling for details from banks, ordering special scrutiny, insisting on banks taking necessary action to prevent recurrence, ensuring staff accountability etc. The progress in the matter is also monitored by RBI. The findings of inspection are discussed with the Chairman of the concerned bank for corrective action and the matter is also reported to the Board for Financial Supervision. Time-bound compliance programme is also laid down. RBI has been constantly exhorting banks to strengthen internal control systems comprising internal inspection, external/internal audit, concurrent audit, revenue audit etc. The banks also have vigilance machinery which functions under Chief Vigilance Officer (CVO). Frauds/irregularities are investigated by CVOs of individual banks and exemplary punishment is levied on the concerned staff.

The public sector banks at the instance of Government and RBI have taken several steps from time to time for checking corruption and prevention of frauds. These steps include issue of comprehensive guidelines by RBI for strengthening the control mechanism in banks, review of fraud cases on a continual basis by RBI, advising the banks of modus-operandi in ingenious cases alongwith required safeguards to prevent their recurrence, proper training of operational personnel and investigations and scrutiny into reported cases of major frauds as well as snap inspections covering systems and procedures and control arrangements in fraud prone areas by the RBI, etc.

Assessment of Income Tax

2273. SHRI G. VENKAT SWAMY :
SHRI UTTAM SINGH PAWAR :

Will the Minister of FINANCE be pleased to state :

(a) whether the test audit conducted between 1st April, 1994 to 31st March, 1995 of the assessment completed by Income-tax Department revealed 16, 256 cases of under assessment involving a total revenue of Rs. 855.39 crores;

(b) if so, whether the said amount has since been recovered from the assessee;

(c) if not, the reasons for delay in this regard;

(d) the measure proposed to be taken to remove the deficiencies in the process of collection of tax; and

(e) the details of the action taken against those who are responsible for this lapse?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) Yes. These findings are reported in the Annual Report No. 5 of 1996 of C&AG on Revenue Receipts-Direct Taxes for the year ended 31.3.1995.

(b) and (c). The amount of recovery made out of this amount of Rs. 855.39 crores is not ascertainable on account of the following reasons :

(i) Many audit objections are resisted by the Income-tax Department on the basis of factual verification and the existing provisions of the Income-tax Act, 1961 and the same are finally dropped by the revenue audit.

(ii) A number of assessee file appeals against the orders rectifying the mistakes, creating additional tax demand. During the pendency of first appeal, coercive measures of recovery are generally not adopted.

(iii) The additional demand raised on account of these audit objections is sometimes stayed by the assessing officers, supervisory officers and appellate authorities.

(iv) In many cases, as a result of appellate orders, the additional demand raised is reduced or deleted.

(d) There is no apparent deficiency in the process of collection of tax. The additional tax demand which is undisputed is generally collected without delay.

(e) In most of these cases, the explanation of the erring officer is called by the Department to examine their bonafides and appropriate action is taken wherever required.

National Savings Scheme

2274. SHRI N. DENNIS : Will the Minister of FINANCE be pleased to state :

(a) whether the Government have taken any steps to make the National Savings Scheme more attractive;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) Yes Sir.

(b) The steps taken by the Government to make the National Savings Scheme more attractive include attractive returns, extension of tax-concessions, publicity and incentives to Agents. Apart from Central Government, wide publicity of these schemes is also undertaken by the State Governments and extension agencies like the Standardised Agency Systems (SAS), public Provident Fund (PPF) agents and Mahila Pradhan Kshetriya Bachat Yojna (MPKBY) agents.

(c) Does not arise.